LEO PHARMACEUTICAL PRODUCTS LTD A/S

v.

KOTRA PHARMA (M) SDN BHD

HIGH COURT MALAYA, MELAKA
LOW HOP BING J
[CIVIL SUIT NO: 1-22-57-2001]
24 APRIL 2002

CIVIL PROCEDURE: *Injunction - Trade mark - Delay in commencing action - Whether delay defeats equity - Whether application to be dismissed - Whether possibility of damage proven - Whether there were serious issues to be tried - Whether ought to be resolved at full hearing - Balance of convenience - Grant of injunction - Whether results in final disposal of suit - Whether defendant's rights prevented from being determined at full trial*

TRADE MARKS: *Registered trade mark and passing off - Infringement - Application for interlocutory injunction - Whether possibility of damage proven - Whether there were serious issues to be tried - Whether ought to be resolved at full hearing - Balance of convenience - Grant of injunction - Whether results in final disposal of suit - Whether defendant's rights prevented from being determined at full trial*

The plaintiff was the registered proprietor of the registered trade marks "Fucidin" and "Fucicourt" and the defendant, of "Axcel Fusidic" and "Axcel Fusi-forte" ('the contentious products'). Alleging that there was a trade mark infringement, the plaintiff contended that the contentious products were confusingly similar to theirs and the defendant has been distributing and selling the said products without their authority or consent. The plaintiff also raised the issue of passing off. Based on the aforementioned, the plaintiff applied to this court for an interlocutory injunction to restrain the defendant from continuing to deal with the contentious products and to surrender them within seven days of the order.

Held:

[1] It was in evidence that the plaintiff had not taken any action for 25 months from the time they knew of the existence of the contentious products. This considerable delay reflected their uncertainty of the defendant's alleged infringement. Thus, their application was dismissed as the relief sought is equitable in nature and it is trite law that delay defeats equity.
(pp 469 c-d & 470 f-g)

[2] In an application for an interim or interlocutory injunction based on an alleged infringement of trade mark and/or passing off, the plaintiff has to show that there is reason to believe that the plaintiff would suffer damage or that there was some other reason for maintaining the *status quo*. This was absent in the present case as evidence proved that the plaintiff enjoyed an increase in the sales of their products. (p 471 d-e)

[3] Whilst the plaintiff had proven that there was a serious question to be tried, the merits of their claim or the defendant's defence could not be resolved at this interlocutory stage. There were difficult questions of law that necessitated detailed arguments and considerations which must be determined after considering *viva voce* evidence at the full trial. (pp 472 d-e)

[4] Where the grant of an interim injunction would result in the final disposal of the suit therein, the balance of convenience would not apply. Thus, the plaintiff's application for the injunction was refused as its practical effect was to put to an end the entire proceedings thereby taking away the defendant's opportunity to have his rights determined in the full trial. Also, by seeking the defendant to deliver the contentious products, the plaintiff had effectively sought the relief in a full suit except assessment of damages in absence of a full trial. (pp 472 g & 473 f-h)

[Plaintiff's application dismissed with costs; suit to proceed for full hearing and determination.]

Case(s) referred to:

American Cyanamid Co v. Ethicon Ltd [1975] All ER 504 ***(refd)***
American Cyanamid Co v. Ethicon Ltd [1975] AC 396 ***(dist)***
Bravingtons Ltd v. Barrington Tennant [1957] RPC 183 ***(refd)***
Cayne and Another v. Global Natural Resources plc [1984] 1 All ER 225 ***(refd)***
Evercrisp Snack Products (M) Sdn Bhd & Anor v. Sweeties Food Industries Sdn Bhd [1980] 2 MLJ 297 ***(refd)***
Fabrique Ebel Societe Anonyme v. Syarikat Perniagaan Tukang Jam City Port & Ors [1988] 1 CLJ 919; [1989] 1 CLJ (Rep) 537 ***(refd)***
HJ Wan Habib Syed Mahmud v. Datuk Patinggi Haji Abdul Taib Mahmud & Anor [1986] 2 CLJ 115; [1986] CLJ (Rep) 149 ***(refd)***
Keet Gerald Francis Noel John v. Mohd Noor Abdullah & Ors [1995] 1 CLJ 293 ***(refd)***
Lombard Banking Ltd v. DH Lombard Ltd [1952] 69 RPC 60 ***(refd)***
NWL Ltd v. Woods; NWL Ltd v. Nelson and Another [1979] 3 All ER 614 ***(refd)***
Remus Innovation Forschungs-Und Abgasanlagen-Produktionsgesellschaft Mbh & Anor v. Hong Boon Siong & Ors [1995] 2 SLR 148 ***(refd)***
Tavener Rutledge Ltd v. Specters Ltd [1957] RPC 498 ***(refd)***

Legislation referred to:

Trade Marks Act 1976, ss. 10(1)(d), 14(a), 33(4), 35, 36, 38
Rules of the High Court 1980, O. 34

Other source(s) referred to:
Jeffrey Pinsler, *Civil Practice in Singapore and Malaysia*, 1998, Chapter XXI, para 49, p 7

For the plaintiff - Teo Boon Kwang; M/s Raja, Darryl & Loh
For the defendant - Wendy MK Lam (Anniza Jamaluddin); M/s Ram Rais & Partners

Reported by M Maheswaran

JUDGMENT

Low Hop Bing J:

Application
This is the plaintiff's application in encl. (4):

1. for an interlocutory injunction to restrain the defendant until the final disposal of this suit or until further order of this court from doing, enabling or authorising others to do any of the following acts:

    (a) infringing the plaintiff's registered trade marks;

    (b) passing off or attempting to pass off pharmaceutical products as the plaintiff's;

2. to require the defendant to deliver up and surrender all products bearing the infringing marks within seven days of the order; and

3. costs.

It is pertinent to state that the plaintiff's statement of claim, in addition to the aforementioned relief, also based its action on infringement of trade mark and passing off and prays for an inquiry as to damages or account of profits, interest on all sums found due to the plaintiff and costs of the action.

Plaintiff's Case
The plaintiff is a company registered in Denmark having worldwide business as manufacturer and distributor of, *inter alia*, pharmaceutical products, and has been the registered proprietor of the registered trade marks "FUCIDIN" (95/04916) with effect from 7 November 1985 and "FUCICOURT" (M/90043), with effect from 3 April 1981, both filed as class 5 in Malaysia, which have been renewed accordingly and are valid at all material times.

Encik Teo Boon Kwang, learned counsel for the plaintiff, relied on s. 36 of the Trade Marks Act 1976. For convenience, a reference to a section hereinafter is a reference to the section in the Trade Marks Act 1976, unless a contrary intention appears. He added that s. 35 gives the plaintiff the exclusive right to the use of these trade marks. He contended that s. 38

provides for the ingredients of infringement of trade mark which had been further enunciated in *Fabrique Ebel Societe Anonyme v. Syarikat Perniagaan Tukang Jam City Port & Ors* [1988] 1 CLJ 919; [1989] 1 CLJ (Rep) 537.

Learned counsel adverted to the facts supporting the plaintiff's claim of the defendant's alleged infringement of trade mark, stating that since 2000, the defendant has been distributing, selling, offering for sale, and/or dealing with pharmaceutical products bearing the trade marks "AXCEL FUSIDIC" and "AXCEL FUSI-FORTE" without the plaintiff's consent or authority. It is the plaintiff's case that "AXCEL FUSIDIC" is confusingly similar to "FUCIDIN" and that additionally there is a case of passing off.

In supporting the plaintiff's application for injunction, it was stressed that there are serious issues to be tried, that the balance of convenience is in favour of the plaintiff, and that there would be unquantifiable damages to the plaintiff.

While conceding that there is slight delay in this application for injunction, it was submitted that there are reasonable explanations therefor. He concluded that the order to deliver up and surrender the infringing products is necessary to prevent defendant's unlawful activities.

Submission For Defendant

Cik Wendy MK Lam, assisted by Cik Anniza Jamaluddin, both learned counsel for the defendant, submitted that the plaintiff does not have any exclusive right to the exclusive use of the plaintiff's trade marks due to the generic and descriptive nature of the words used by the plaintiff and that under s. 10(1)(d) and s. 33(4), the plaintiff's trade marks are wrongfully remaining on the register of trade marks, from which they should be expunged.

It was contended that the defendant was incorporated on 15 September 1982 with core business in developing, manufacturing and marketing of pharmaceutical products since 1985 and is a wholly-owned subsidiary of public listed company, Kotra Industries Bhd. The defendant's origin was traced to Kwong Onn Tong 44 years ago as a traditional Chinese medicine wholesaler in Melaka, which was later incorporated as Kwong Onn Tong Sdn Bhd. Learned counsel emphasised that the defendant is an established Malaysian pharmaceutical manufacturer and distributor of prescribed pharmaceutical generic products under the brand name or trade mark "AXCEL", but the plaintiff's registered trade marks are "FUCIDIN" and "FUCICOURT". The defendant's case is that "FUSIDIC" and "FUSI-CORTE" are generic in nature and are descriptive of the chemical compound used in the defendant's products which contain fusidic acid, thus bearing the words "AXCEL FUSIDIC", and fusidic acid and a corticsteroid, thus bearing the words "AXCEL

FUSI-CORTE" used by the defendant descriptively, as there was no other way of describing a product where its main ingredient is "fusidic acid" other than naming it "fusidic". Further, it is the defendant's case that the words used by the defendant are spelt with the alphabet "S" in "FUSIDIC" and the alphabets "S" and "E" in "FUSI-CORTE" whereas the plaintiff's registered trade marks are spelt "FUCIDIN" and "FUCICOURT" with the alphabets "C" and "N" in "FUCIDIN" and with the alphabets "C" without the alphabet "E" in "FUCICOURT. Hence, it was said that the defendant's marks are clearly not identical to the plaintiff's registered trade marks.

It was then submitted for the defendant that the plaintiff knew of the defendant's use of the words "AXCEL FUSIDIC" and "AXCEL FUSI-CORTE" on 21 May 1999 when the plaintiff's solicitors notified the defendant of the defendant's alleged infringement. Some 18 months later, on 24 November 2000, the plaintiff demanded that the defendant cease the alleged infringement, but there was no explanation for the delay of 24 months when the writ herein was filed on 18 May 2001, while this application for injunction was filed on 8 June 2001, occasioning a delay of 25 months, thereby constituting a waiver by sleeping on its rights and so injunction should not be granted.

It was canvassed for the defendant that there was no evidence of irreparable loss or damage to the plaintiff.

The next point raised for the defendant is that the principles enunciated in *American Cyanamid Co v. Ethicon Ltd* [1975] AC 396 would not apply here since the injunction sought by the plaintiff would effectively dispose of the proceedings herein.

Further, it was stressed for the defendant that the order for delivering up is a mandatory interlocutory injunction which should only be granted in an unusually strong and clear case in that the court must feel assured that a similar injunction would be granted at the trial which, it was submitted, the plaintiff has not satisfied.

It was then canvassed for the defendant that the plaintiff's trade marks were not distinctive of the plaintiff's goods, and that it has offended s. 14(a) as the original registrations were obtained by fraud and there has been no use in good faith of the plaintiff's trade marks.

In respect of the tort of passing off, it was submitted for the defendant that the plaintiff has not adduced any evidence or instances of confusion from members of the public or the trade, and that there can be no such confusion as the pharmaceutical products in question are dispensed under the supervision of qualified pharmacists.

It was then argued that there was a difference in the get-up and the price between the plaintiff's products and those of the defendant and that there was also no evidence of the plaintiff's business activities in Malaysia in 1968 which was the year the plaintiff allegedly manufactured the said products, but the plaintiff's invoices only show the period from 1995 to 2000. In any event, in the defendant's view, since the advent of the defendant's products, there has been an increase in the sales of the plaintiff's products.

Decision Of The Court

Delay

On 21 May 1999 the plaintiff instructed its solicitors to notify the defendant of the defendant's alleged acts of infringement and so the plaintiff was aware of the defendant's use of the words "AXCEL FUSIDIC" and "AXCEL FUSI-CORTE" on or before 21 May 1999. The plaintiff had on 24 November 2000 ie, some 18 months later issued another letter demanding that the defendant cease the alleged infringement. On 18 May 2001, after a lapse of some 24 months, the plaintiff filed the instant writ action. The instant application was filed one month later ie, 8 June 2001. This delay has been conceded by the plaintiff, on the ground that the plaintiff required time:

(a) to collate the necessary evidence in respect of the plaintiff's trade mark rights;

(b) to investigate and collate evidence of the extent of the defendant's activities and of any other related individuals and companies which may have been involved with the defendant; and

(c) to take instructions from the headquarters in Denmark for the decision to commence this action.

In my considered opinion, it appears to me that the grounds proffered for the plaintiff's aforesaid delay is that the plaintiff was either doubtful or uncertain of the defendant's alleged infringement. The delay occasioned by the plaintiff is considerable and cannot lend support to the plaintiff's application. The relief sought by the plaintiff is equitable in nature and it is trite law that delay defeats equity.

In *Evercrisp Snack Products (M) Sdn Bhd & Anor v. Sweeties Food Industries Sdn Bhd* [1980] 2 MLJ 297, a case of alleged infringement of trade mark and passing off, there was a delay of about 22 months ie, between June 1977 and April 1979 when the application for interim injunction was first made. Hashim Yeop A Sani, J (later CJ(M)) held that there was undue unexplained delay. His Lordship agreed with the defendant's reliance on other similar cases in which delays have been held to have defeated the plaintiff's application. These

cases include *Tavener Rutledge Ltd v. Specters Ltd* [1957] RPC 498 where there was a delay of seven weeks; *Lombard Banking Ltd v. DH Lombard Ltd* [1952] 69 RPC 60, five months delay and *Bravingtons Ltd v. Barrington Tennant* [1957] RPC 183, also five months delay. Even though the delay in these three English cases were of a shorter period than that prevailing in the case before me, they were all consistently held to be fatal to the plaintiff's application. The judgment in *Evercrisp, supra,* was authoritatively accepted by the Supreme Court in *Haji Wan Habib Syed Mahmud v. Datuk Patinggi Haji Abdul Taib Mahmud & Anor* [1986] 2 CLJ 115; [1986] CLJ (Rep) 149 where Abdul Hamid Ag LP (later LP) held that the discretionary remedy of injunction shall not be made available to those who sleep on their rights.

The undue delay of some 25 months occasioned by the plaintiff in the instant case would by itself dispose of the instant application without further ado. However, lest it is said that the instant application is disposed of on a strictly technical ground, I hasten to proceed to other issues ventilated herein.

Irreparable Damage

In an application for an interim or interlocutory injunction based on an alleged infringement of trade mark or passing off or, as is usually the case, both, the plaintiff has to show that there is reason to believe that the plaintiff would suffer damage or that there was some other reason for maintaining the *status quo*: *Evercrisp, supra,* citing *Lyons Maid Ltd v. Trebor Ltd* [1967] RPC 222.

The plaintiff's affidavit in support at paras. 12 and 13 showed that the plaintiff was enjoying increase in sales of their products which therefore could not result in any loss to the plaintiff.

In the celebrated case of *American Cyanamid Co v. Ethicon Ltd* [1975] All ER 504, the House of Lords restated the principles governing the grant or refusal of an interim injunction. These principles have been applied and crystallized by Gopal Sri Ram JCA in the Court of Appeal in *Keet Gerald Francis Noel John v. Mohd Noor bin Abdullah & Ors* [1995] 1 CLJ 293 at pp. 305-306 as follows:

> A judge hearing an application for an interlocutory injunction should:
>
> (1) ask himself whether the totality of the facts presented before him disclosed a *bona fide* serious issue to be tried. He must refrain from making any determination on the merits of the claim or any defence to it and identify with precision the issues raised and decide whether they are serious enough to merit a trial. If he finds that no serious question is disclosed, the relief should be refused. If, however, he finds that there are serious questions to be tried, he should move on to the next step of his inquiry;

(2) having found that an issue has been disclosed that requires further investigation, he must consider where the justice of the case lies. He must take into account all relevant matters, including the practical realities of the case before him and weigh the harm the injunction would produce by its grant, against the harm that would result from its refusal; and

(3) the judge must have in the forefront of his mind that the remedy that he is asked to administer is discretionary, intended to produce a just result for the period between the date of the application and the trial proper and to maintain the *status quo*. It is a judicial discretion capable of correction on appeal. A judge should briefly set out in his judgment the several factors that weighed in his mind when arriving at his conclusion.

Principle No. (3) above has already been considered in the earlier part of my judgment herein.

As regards principle No. (1) above ie, whether the plaintiff has succeeded in showing that there is a serious question to be tried, on the affidavits filed herein, I am of the view that the plaintiff has succeeded in raising the serious question as to whether there is an infringement by the defendant. The plaintiff's claim based on alleged infringement of trade mark and passing off is neither frivolous nor vexatious ie, in that the plaintiff's claim is based on a valid cause of action, but I hasten to add that at this juncture, there is certainly no finding by the court as to the merits or otherwise of the plaintiff's claim or the defendant's defence, as that cannot be resolved by reference to the conflicts of evidence based on affidavits at this interlocutory stage, as there are difficult questions of law which call for detailed argument and considerations which must be determined after a mature consideration of *viva voce* evidence at the full trial itself.

The next principle is principle (2) above. In this context, it is incumbent on the part of this court to decide on the applicability or otherwise of the balance of convenience. The plaintiff's learned counsel submitted that the balance of convenience applies herein while the view advanced for the defendant is to the contrary. I am of the view that where the grant of an interim injunction would result in the final disposal of the suit herein, the balance of convenience principle would not apply here. I adopt and accept the following passage which was also cited in support of the defendant's submission at para. 49 p. 7 of Chapter XXI in "*Civil Practice in Singapore and Malaysia, 1998*" by Jeffrey Pinsler:

> The balance of convenience principle assumes that there will be a trial of the action. Accordingly, the *American Cyanamid* principles **do not apply where the grant of an interlocutory injunction would effectively dispose of the proceedings**.
>
> [emphasis added]

After a careful study of the facts of the case in *American Cyanamid, supra*, it is my considered opinion that that case was not concerned with the question as to whether the grant or refusal of an injunction at that stage would, in effect, dispose of the action finally in favour of whichever party was successful in the application, thereby leaving nothing on which it was in the unsuccessful party's interest to proceed to trial, but instead the House of Lords had to consider the degree of likelihood that the plaintiff would have succeeded in establishing his right to an injunction if the action had gone to trial: per Lord Diplock in *NWL Ltd v. Woods; NWL Ltd v. Nelson and Another* [1979] 3 All ER 614; *"Civil Practice in Singapore and Malaysia", supra*.

The House of Lords in *NWL Ltd, supra*, through the judgment of Lord Diplock demonstrated the general reluctance of the courts in granting an interlocutory injunction which has the practical effect of putting an end to the action because the harm that will have been already caused to the losing party is complete. A similar sentiment was expressed by Warren LH Khoo, J. of the Singapore High Court in *Remus Innovation Forschungs-Und Abgasanlagen-Produktionsgesellschaft Mbh & Anor v. Hong Boon Siong & Ors* [1995] 2 SLR 148, where the learned judge observed that the threshold for the plaintiffs to cross in this case should be somewhat higher than that their claim should not be frivolous or vexatious or that it should be merely arguable.

In *Cayne and Another v. Global Natural Resources plc* [1984] 1 All ER 225, May, LJ in the Court of Appeal held, *inter alia*, that where the plaintiff brings an action for an injunction, it is, in general, an injustice to grant one at an interlocutory stage if this effectively precludes a defendant from the opportunity of having his rights determined in a full trial.

The aforesaid authorities do in my view consistently provide an answer to the plaintiff's application herein ie, a refusal to the plaintiff's claim for interim injunction where its practical effect is to put an end to the entire proceedings without giving the defendant an opportunity of having his rights determined in the full trial.

Apart from the prayer for interlocutory injunction, the plaintiff has included a prayer for the delivery-up of all pharmaceutical products and all containers including but not limited to packaging materials, wrappers or other printed materials in defendant's possession which bear the alleged infringed trademarks. It is again demonstrably clear that the effect is to obtain all the reliefs in the full suit except assessment of damages in the absence of a full trial.

The other matters raised in the respective submissions included the following:

(i) The alleged infringed trade marks were not, at the time of this proceedings, distinctive of the goods of the plaintiff;

(ii) The alleged infringed trade marks of the plaintiff offend s. 14(a);

(iii) The original registrations were obtained by fraud;

(iv) There has been no use in good faith of the alleged infringed trade marks; and

(v) The various provisions of the Act and the relevant judicial pronouncements thereon.

All the aforesaid issues should, in my view, be ventilated at the full trial.

Conclusion

On the foregoing grounds, I am constrained to dismiss the plaintiff's application in encl. (4) with costs. However, I direct that the suit herein be proceeded with expeditiously by way of case management under O. 34 of the Rules of the High Court 1980 and that an early date be given for the full hearing and determination of the suit herein.